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SPENDING THE FAMILY INCOME



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Spending the Family Income

Why True Economy Means Living by a Plan

If I were rich! How often do we use those words, implying that wealth is in itself the greatest of all good things.

Yet money—dollars and cents—is only a symbol to represent whatever its owner may wish to turn it into. It assumes value for us only as we spend it. What most of us need is not more money, but more wisdom in handling the money already ours.

The family income cannot be said to be wisely handled unless it brings to the members of that family a just return in health, comfort, advancement, and freedom from worry. Whether it is a large sum or a small one the family has a right to expect that. A few principles that apply to the wise handling of the family income are set forth in these pages.

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Spending the Family Income

Simple Simon met a pieman
Going to the fair,
Said Simple Simon to the pieman,
"Let me taste your ware."
Said the pieman to Simple Simon
"Show me first your penny."

THUS plainly our old friend Mother Goose sets forth the principle on which all economics is based—that for those things we want we shall pay an adequate price.

In the early days of civilization this payment was a simple exchange in kind. A man bartered a day of his toil for a measure of wheat, and thus his family was fed. But when life became more complicated, and trades more specialized, a money-system was evolved that all men might be paid for their labor in a common medium of exchange.

Then, for the first, such essentials to human life as shelter, food, and clothing took on a money value. The payment which a man received for his toil was supposedly adequate to supply those necessities for himself and his family.

As civilization progressed, and great cities sprang into being, it became increasingly difficult for a man to provide personally for all the needs of his household beyond these three. The townsman had no way of supplying fuel for his family, save buying it. His wife, burdened with many cares, found it more profitable to buy oil and candles to light her home than to make them herself. So certain "operating expenses" had to be included in the cost of living. Later, education awoke the desire for self-development, for books, pictures, music and beauty in the home.

The relation of rest and proper recreation to health was recognized, and again the income had to be stretched to allow expenditures for these things.

Still later it became plain that the worker's wages should provide not only the needs of the present, but some assurance for the future, against the time when he should be incapable of work. Money "saved", that is, invested in permanent holdings, real estate, bonds, life insurance, building and loan payments, or deposited in savings banks, may be considered spent to purchase relief from anxiety and

freedom of movement, both impossible to the family whose daily living eats up their entire income.

These, then, are the six general items which the family income must cover: Shelter, Food, Clothing, Operating Expenses, Development and Savings. But how is one to stretch a small income to meet all these demands? When food costs so much how can I hope to save? When so large a proportion of the income must be spent for rent, how can I have anything for Development? These are the questions which thousands of women are facing. *Statistics show that nine-tenths of the sum spent annually to house, clothe and feed the American people is spent by women. It is the American woman who has the spending of the family income.*

In order that the income may be spent wisely—in such a way as to bring an adequate return for the time and labor which it represents—two things are needed: first, a plan; second, a sense of values. To build a house, plant a garden, make a dress, or a new dessert one must have a definite plan in mind. One must know the resources at hand and the demands that will be made on them to complete the work. In spending the family income a plan is no less necessary to ensure our getting, from what we have, the largest amount of what we want most.

That is the true meaning of economy. The word does not mean “saving” or “doing without” as many of us interpret it wrongly, but “proper use”.

Living by a Plan

A DETAILED plan for spending the family income is called a budget. A great deal has been written and said in the past few years about budgets, how they should be made, and what proportion of the income should be devoted to each of the six general items: Shelter, Food, Clothing, Operating Expenses, Development and Savings.

Out of all the discussion one thing stands clear, *that the budget is of value to the family only when it has been made by and for that individual group. It cannot be imposed upon the family by anyone outside the circle.*

Nor can a single member of the family outline a plan by which all the other members shall be expected to abide. The budget should be made at a family council, in which the children, unless too small, may share. Many complaints against the selfishness of our young people might be avoided if the boys and girls were permitted a fuller knowledge of the family income, and what it must cover. Few girls will insist on wearing silk stockings to school “because the other girls do,” if they realize that the purchase of those stockings entails the sacrifice of Mother’s spring hat, or the new curtains for the living-room. Thus a sense of values is developed. The family learns to choose between the movies and violin lessons for Henry. If they decide to give Henry the lessons and go to the movies twice a month instead of twice a week, every member of the family will feel a personal interest in Henry’s musical progress which will go far to ensure it.

Unfortunately, there are still households in which the wife has no accurate idea of the family income, and can spend only what her husband chooses to give her at odd times and in irregular payments. This is not only humiliating to the woman, but distinctly wasteful. Every business man recognizes the fact that the co-ordination of all departments under one schedule means greater efficiency and economy. The ideal of the family means that each member of the group shall bear his part. This is fulfilled only when husband, wife and children pool their resources and share alike out of the common store. A word might well be said here about the child’s allowance. This is the first step in developing in the boy or girl a sense of values. The allowance should not be a weekly or monthly sum given them by their parents, which is theirs to squander as they choose, but an “income” out of which they must provide for certain needs. The girl of twelve

who receives an allowance of fifteen cents a week, may be expected to provide her own hair ribbons from that sum, or the boy his own neckties. The allowance too, should be expected to cover the child's gifts to church and charities.

Sitting in council then, the family makes a list of its assets, beginning with all money on hand, whether in the bank, purse, or pocket. After this come money due from loans; real estate holdings, which may be put down at the purchase price or, if they have increased in value, at the present market valuation; investments; insurance, to be represented by the amount already paid in premiums, not the full value of the policy. If the family owns an automobile, or valuable farm machinery, their present market value should be included in the list of assets.

Against this list stand the liabilities; debts, mortgages on real estate, and money borrowed on notes.

Subtracting these from the first will show accurately the family's assets. It is a good plan to enter this account the first of every year on a card or note-book page which is large enough to carry the record for several years. Thus one may see at a glance how the family finances are progressing, and if the budget accomplishes its end, this should make increasingly pleasant reading.

We come now to the making of the budget itself. At the top of a second sheet of paper enter the amount of the family income. Those who are engaged in professions or business of their own will find it easier to state the income in terms of one year, estimating it, not according to their hopes or expectations, but on the amount earned the year before. Salaried people may find it advisable to make their budgets on a monthly basis.

The sum to be put down as Income, includes salary, dividends from investments, rents, and all money gifts. Draw a line beneath this statement of the month's income, and divide the rest of the sheet into six columns, marking these: Shelter, Food, Clothing, Operating Expenses, Development, Savings.

At the top of each column should be entered the sum which the family feels may be spent for that item during the month.

How much that shall be is a question to which economists have given much thought. Although each family is a law unto itself, it is safe to say that an expenditure of twenty-five per cent. of the income for Shelter, twenty per cent. for Clothing, and at least ten per cent. for Savings, is a fair basis on which to start one's accounting.

To make these apportionments it will be necessary to go over the expense account of the previous month, and to estimate roughly how much was then spent for each of the items. When you reckon what you actually paid last month for Clothing or Development you are in a position to judge whether you received a fair return for the money, and if you want to devote the same or a smaller amount to those items during the next month.

SHELTER: This is the first heading on the list, as well as the easiest to estimate. If the family pays rent that is the first demand to be covered. If they own their home the sum required each year for taxes, assessments, repairs, insurance, and interest on mortgage, divided by twelve, should be set aside out of each month's income.

If the location of the home makes it necessary for some members of the family to pay carfare to and from school or business, that should be charged to Shelter. Here, too, belong such expenses as the care of the garden and grounds, snow shoveling and so forth.

Many unmarried men and women who live in boarding-houses, enter the cost of Room and Board under a single heading on their budgets. This is not as just a way to estimate one's living expenses as to use separate columns, since it is possible to reduce the cost of Shelter by taking a less desirable room, while the charge for Food remains fixed.

FOOD: No division of the family budget has been subjected to such rigorous discussion as food. Nor is there any department in which the homemaker's genius is put to so severe a test. What does it cost to feed a family of five for a month?

Economists have estimated that an allowance of forty cents a day for each person will provide adequate nourishment. But food which is high in life-sustaining qualities, may be so dreadfully uninteresting as to offer no temptation to the appetite. It is a scientific fact that we are better nourished by eating food which we like, since that stimulates the flow of the gastric juices, than by what is merely "good for us." The problem of providing a diet for the family which shall be high in food values, properly balanced, appetizing and economical, requires no little thought and care. McCall's service leaflet, "*Menus For Two Weeks*," prepared by the famous nutrition experts, *Dr. E. V. McCollum* and *Nina Simmonds* of *Johns Hopkins University*, gives a simple, excellent, practicable plan whereby homemakers can feed the family proper and appetizing food. The leaflet is free. Another McCall's Service Booklet, "*Time-Saving Cookery*," offers menus and recipes.

We do not realize how extravagant we are in the matter of Food until we begin to budget. To estimate the food allowance by the week is a safe precaution, since it is safe to say that every homemaker who starts to live by a budget, will find in her first week that she cannot keep within the sum she has allowed for that. Sometimes this means that the budget must be readjusted, but more frequently the difficulty can be overcome by planning the menu more carefully. The art of marketing merits the attention of every homemaker. The woman who buys intelligently, choosing those fruits, meats and vegetables which are in season, who buys in quantity, thereby taking advantage of reduced rates, who pays cash for her purchases, who knows what combinations of food offer the most nutritious diet, obtains in health for her family, better value for the money she spends than does the woman whose marketing is done over the telephone, or by sending the children to the store for things as she needs them. It is worth while to know that one kind of breakfast cereal costs eight cents, whereas, another, which might be substituted for it, costs fifteen cents—a difference of nearly one hundred per cent.

Ice belongs in this column. So do meals bought away from home, and money spent for candy, or soda-fountain drinks. To Food should be charged the maintenance expenses of the vegetable garden, orchard, hens, and cow. The vegetable garden is one of the chief aids in reducing food costs, and may be made to produce not only vegetables for summer use and home canning, but crops which may be stored for the winter. The expense of canning fruits and vegetables at home should be reckoned and the cost for each jar compared with the cost of similar manufactured products. It is often more economical to buy canned goods, than to do this work oneself, since our expenditure of time and energy must be reckoned as a part of the cost.

CLOTHING: To allow one-fifth of the income for Clothing is the proportion recommended by most economists, and it is a fair basis for the family budget, though the sum may often seem pitifully inadequate. To handle this wisely it is well to list the clothing on hand which is good and capable of further service, and those garments which may be remodeled and made to do service again. In the light of these two lists what new garments will it be necessary to buy?

Everyone wants to be "well dressed," that is, suitably and becomingly. This may seem impossible when the income is small and subject to many demands. Necessity before desire, is a good rule to adopt in buying. Another point to keep well in mind is that the cost of a garment is the purchase price plus the amount needed to keep it cleaned and repaired, divided by the amount of wear it gives. Cheap but flimsy material is a more extravagant purchase than cloth which will stand wear and may be made to serve two members of the family in turn. The economy of making clothes at home deserves serious consideration.

The cost of their manufacture falls far below the purchase price of garments in the shops—a difference which may be invested in better materials that wear longer, and may be made over again and again. Many of the little dress accessories may be made at home, at comparatively small cost. Money spent for the cleaning of garments, alterations and repairs falls within this column.

A point to be considered when budgeting the clothing allowance is that Mother shall have her full share. There are too many families in which the parents do without some of the urgent necessities that the children may have the luxuries. The budget should rule new garments for Mother when her turn comes around, and the rest of the family should see that she gets them.

OPERATING EXPENSES: This is a catch-all heading which includes fuel, light, laundry, income taxes, household furnishings and equipment, stationery, postage and expressage, transportation charges except when these are a part of vacation expenses, children's allowances, and the husband's expenditures.

Everyone bows perforce to such necessities as fuel, light, and laundry charges, and these are apt to squeeze out some of the less pressing claims, until they grow so large and insistent that they are terrifying. To spend systematically, a little each month, for house furnishings and equipment is more economical than to put it off until one's supplies are exhausted, and one is forced into buying at a season when the prices may not be favorable.

Every home requires certain tools, and these must be kept in order or the machinery of the home suffers. It is worth considering the question of "time saving." The budget is not designed to save money alone, but to ensure the family's getting the best value for the money they spend. It is not economical to save ten cents by expending one dollar's worth of time and labor. Labor-saving devices are not luxuries, but real necessities in a busy household. "*The Modern Home*," one of McCall's service booklets, explains the use of many of the new mechanical servants.

DEVELOPMENT: The things which fall within this column are those which are always the first to feel the pinch of hard times. Many families think that they cannot afford a vacation trip, or some long-coveted books, or a gift to a most deserving charity, while they are spending wastefully for food and clothing. They may even begrudge the money paid to the physician and dentist, forgetting that in return for this they receive the best value of all—health. The money set apart for Development, should cover all gifts, those that are personal and those to Church and charity; health; toilet accessories; recreation; entertainment of guests; books; lectures and the theatre; educational advantages; magazines and flowers.

These are not extravagances, but the things which every family needs for its happiness and well-being. They separate man from the animals whose needs do not go beyond food and shelter. While there is always the danger that these desires may escape our control, this is no more degrading than to be forced to do without legitimate recreation because we are spending wastefully for the other items in the budget. Every family should set apart a definite sum each month for these proper pleasures. Perhaps it cannot be much, but if it is so set apart, and expended thoughtfully, it will bring in greater returns than one at first imagines.

This column is also one of the strongest arguments for living on a budget, since, without a plan, one is apt to spend wastefully, and get very little in return. It is a fact that families who budget have more of these legitimate pleasures than those who live without a plan.

SAVINGS: Although this is the last column on the budget sheet, it claims our first attention. Everyone knows that the first dollar out of the pay envelope is

the easiest to spend. It is also the easiest to save. We all probably have determined again and again to spend as economically as possible, that we may have something at the end of the month that we could "save," only to find that there never was anything left over. The only way that one can save money systematically is to put aside a fixed amount for that purpose every month or week, and this BEFORE one considers the other items of the budget.

What that sum shall be depends on the amount of the income and the demands which the money saved may have to meet. The man who has a wife and several children to provide for must needs save a larger proportion of his earnings than the man who is without dependents. Not that Savings should be regarded as set aside for rainy days only. That is to make bond slaves of us all. Money "saved," that is, invested so as to bring in an increase, buys for us a proportionate amount of independence and freedom of movement. If we are wise we will save with sunny days in view.

Sometimes the savings are reinvested in a business which the head of the family hopes to own at some later date. But what if that day never comes? There is an old adage which counsels us not to put all our eggs into one basket.

The Savings Banks offer great inducements to investors. So, too, do the many Building and Loan Associations. To own one's home instead of paying rent, is to establish the family on a sound basis. Life insurance is one of the most popular investments and deserves some explanation. The policy should be regarded as income-producing capital. Five thousand dollars may seem like a large sum, and so it is, and many men will feel that it is too large for their wives to handle wisely, yet invested at six per cent. it yields an income of only three hundred dollars, which in no sense represents the wage earner's value to his family. The thoughtful man tries to carry insurance which, when invested will yield an income more nearly commensurate with the sum which his family, without him, will require for their living expenses. Many women are insured, and in case of their deaths this money may be of great value to the family during the period of readjustment, when it may be necessary to provide paid assistance in the household in the mother's place.

All the saving should not fall upon the father and mother. The boy who saves regularly out of his allowance, or any money he may earn, and adds that bit to the general Savings fund, on which he may later draw for a part of his college expenses, learns a lesson in thrift worth many dollars. Rightly, the children should not look to reap profits from their parents' thrift alone. The family is a unit, their expenses are less when paid out of a common treasury, and their savings are greater when all the members contribute to them.

Some Problems of Readjustment

Always the test of the budget is in its service to the family. Having decided how much money to allot to each column for a given period, let us see whether this works out. Perhaps it will be necessary at times to borrow from one column to meet an unexpected expense in another. Expenses fluctuate with the seasons. During the summer months Operating Expenses may show a balance, since one does not then have to buy coal. On the other hand, it may be more practical to buy the winter's supply of fuel at that time when the price is not so high.

It is practical to keep a daily expense account, totaling the figures each week, and at the end of the month entering them on the budget sheet directly beneath the statement of money allotted to the several headings.

There are as many different ways of keeping the separate accounts as there are types of human beings. Some families use heavy envelopes, one for each division of the budget. The allowance for each heading is put into its envelope, and

all bills are paid in cash. A checking account in a bank is a more business-like method, but also involves more care in keeping the daily expense records, lest Operating Expenses eat up Clothing, and Food outrun its proper allowance.

Business men and women often make a separate column for Personal Expenses. When this is done one should take care that this is not an excuse for waste. One learns a great deal by counting one's money every night, and watching the sums spent for "incidentals" during the day. It raises the question whether these sums are bringing a just return in the things one wants most, and that is the first step toward getting one's money's worth.

A sample budget of a family of two adults and two children, living in a small town, where the wage earner does not have to commute to business. The budget is for one month:

May, 1922			INCOME		
Income	\$212.31		Balance from April.....	\$ 1.68	
Expenditure	209.36		Salary	200.00	
Balance	\$ 2.95		Interest, Liberty Bonds....	10.63	
					\$212.31

SHELTER	FOOD	CLOTHING	OPERATING EX.	DEVELOPMENT	SAVINGS
Allowed: \$40.00	Allowed: \$52.00	Allowed: \$45.00	Allowed: \$30.00	Allowed: \$15.00	Allowed: \$31.00
Spent: Rent..\$35.00 Grounds 3.20 \$38.20 Lent..\$ 1.30 Clothing Balance----- \$.50	Spent: Meat and Fish \$15.40 Dairy 3.52 Grocer 6.12 Bread 1.60 Ice 1.45 Veg. 5.38 Garden 2.30 Fruit 4.20 \$19.97 Balance----- \$ 2.03	Spent: Dress Materials \$ 6.72 Shoes 12.00 Boy's Suit 14.00 Boy's Hat 3.25 Blouse 1.98 Underwear 6.10 Cleaning and Repairs 2.25 \$46.30	Spent: Fuel (one twelfth of yearly bill) \$11.50 Light 3.00 Oil 1.60 Laundry .65 Children's Allowances 1.20 Man's personal expenditures 6.00 Equipment 6.00 \$29.95	Spent: News paper \$ 1.54 Magazines .25 Personal Gifts 1.00 Church and Charity 4.00 Toilet 1.35 Vacation Fund 6.00 \$14.14	Spent: Insurance \$23.75 Savings Bank 7.25 \$31.00

The value of building up a vacation fund is at once apparent. Too many families feel that they cannot afford a week or even a few days away from home, and so they deprive themselves of the refreshment and invigoration that an absolute change of scene and activity may bring. To save conscientiously through the year, in order to accumulate a fund that will defray the expense of such a vacation over and above the normal cost of living during that period, is a wise appropriation.

Many families are buying homes by making monthly payments on the purchase price in lieu of rent. A certain percentage of this should be recognized as savings, since it is invested in a permanent holding, and one which presumably increases in value as time goes on.

It may not be amiss to add a few words of emphasis about the flexibility of the budget. As one experiments with it, one will find many ways of modification

and change,—many ways of economizing, too. A woman may prefer making bread at home to buying it from the baker every day, and may feel that this is also more economical. But she must, in fairness to herself, take into account the time and the labor she expends in making the bread, and reckon the money thus saved as “earned,” and therefore rightfully hers to devote to whatever item in the budget she may choose. It is not good business for one person in the group to do all the economizing while the others profit by the results.

There are women who seem to revel in this form of self sacrifice, and who count it a virtue. But it is seldom that their homes achieve the happy, restful atmosphere that we all associate with the word home.

How can it be so, when the woman who is the home-maker is continually tired, anxious and overworked? Or, when the man is harassed by mounting expenses with which he sees no way of keeping pace? It is under-estimating a sorry fact to say that seventy-five percent of the disagreements between husbands and wives come about through money worries.

Far more valuable than the achievement of any temporary economy is the development of a sense of partnership between husband and wife. When the woman realizes that her responsibility in spending the family income is as great as the man's responsibility in earning it, her position as the home-maker takes on a dignity that cannot be assailed. Nor can she spend this money wisely without a true appreciation of values, and intelligent inquiry into her family's needs.

By instituting a financial scheme that does away with money worries, that recognizes the equal obligations of father, mother and children toward the home, that saves self as well as pennies, and holds out reasonable hope of future relief from financial anxiety, one may create something approaching very closely the ideal home.





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McCall's Service Book

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|---|----------|
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